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CRAVATH, SWAINE & MOORE

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DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DRODYK
RICHARD M. ALLEN
THOMAS R. BRYAN
ROBERT M. ALLEN

8447-23A050
AUG 20 1976
Date

Fee \$ 100-50



August 20, 1976

8447-18

Dear Sir:

ICC Washington, D.C.

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Louisiana & Arkansas Railway Company for filing and recordation counterparts of the following documents:

1(a) Conditional Sale Agreement (No. 1) dated as of June 15, 1976, between Exchange National Bank of Chicago, as Trustee, and each of General Motors Corporation (Electro-Motive Division) and PACCAR Inc;

(b) Agreement and Assignment (No. 1) dated as of June 15, 1976, between each of General Motors Corporation (Electro-Motive Division), PACCAR Inc and American National Bank & Trust Company of Chicago, as Agent;

2(a) Lease of Railroad Equipment (No. 1) dated as of June 15, 1976, between Louisiana & Arkansas Railway Company and Exchange National Bank of Chicago, as Trustee;

(b) Indemnity Agreement dated as of June 15, 1976, between Louisiana & Arkansas Railway Company and Exchange National Bank of Chicago, as Trustee;

(c) Assignment of Lease and Agreement dated as of June 15, 1976, between Exchange National Bank of Chicago, as Trustee, and American National Bank & Trust Company of Chicago, as Agent;

(d) Guaranty Agreement (No. 1) dated as of June 15, 1976, between The Kansas City Southern Railway Company

and Exchange National Bank of Chicago, as Trustee.

The names and addresses of the parties to the aforementioned Agreements are as follows:

(1) Agent-Vendor-Assignee:

American National Bank & Trust Company of Chicago
33 North LaSalle Street
Chicago, Illinois 60690

(2) Trustee-Vendee-Lessor:

Exchange National Bank of Chicago
130 South LaSalle Street
Chicago, Illinois 60690

(3) Guarantor:

The Kansas City Southern Railway Company
114 West Eleventh Street
Kansas City, Missouri 64105

(4) Builders:

General Motors Corporation
(Electro-Motive Division)
LaGrange, Illinois 60525

PACCAR Inc
1400 North 4th Street
Renton, Washington 98055

(5) Lessee:

Louisiana & Arkansas Railway Company
114 West Eleventh Street
Kansas City, Missouri 64105

Please file and record the documents referred to in this letter and cross-index them under the names of the Agent-Vendor-Assignee, the Trustee-Vendee-Lessor, the Guarantor, the Builder and the Lessee.

The equipment covered by the aforementioned documents consists of the following:

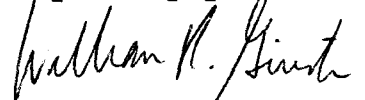
Three Diesel-Electric Locomotives, bearing identifying numbers KCS667-KCS669, both inclusive; and

Seven Cabooses, bearing identifying numbers KCS400-KCS406, both inclusive.

There is also enclosed a check for \$100 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document) and the Lease of Railroad Equipment, the related Indemnity Agreement, the related Assignment of Lease and Agreement and the related Guaranty Agreement (together constituting one document) pursuant to 49CFR1116.1

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain two copies of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,



William R. Giusti,
As Agent for Louisville & Arkansas
Railway Company

Robert L. Oswald, Esq.,
Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

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INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of June 15, 1976 (hereinafter called this Assignment), by and between EXCHANGE NATIONAL BANK OF CHICAGO, acting as Trustee (hereinafter called the Lessor or the Vendee) under a Trust Agreement dated as of the date hereof with the party named therein, and AMERICAN NATIONAL BANK & TRUST COMPANY OF CHICAGO, as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with each of General Motors Corporation (Electro-Motive Division) and PACCAR Inc (said corporations being hereinafter called collectively the Builders and severally the Builder), providing for the sale to the Vendee of such units of railroad equipment (hereinafter called the Units) described in the Annexes thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and Louisiana & Arkansas Railway Company (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units;

WHEREAS The Kansas City Southern Railway Company (hereinafter called the Guarantor) is guaranteeing the obligations of the Lessee under the Lease pursuant to the Guaranty Agreement dated as of the date hereof between the Guarantor and the Lessor (hereinafter called the Guaranty); and

WHEREAS, in order to provide security for the obligations of the Lessor under the Security Documentation and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Documentation), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises

and §10(a) of the Lease (as it relates to the Indemnity Agreement and federal and state income tax benefits) and §10(b)(x)(B) of the Lease

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and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the Security Documentation, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease (other than to the payments and indemnities which the Lessee agrees to make to the Lessor under certain circumstances pursuant to the third paragraph of § 9 of the Lease) and under the Guaranty, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease and under the Guaranty. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease and under the Guaranty, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee and the Guarantor for the account of the Lessor pursuant to the Lease and the Guaranty. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Documentation, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance

shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Documentation.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder or the Guarantor under the Guaranty of or from the obligations, covenants, conditions and agreements to be performed by the Lessee or the Guarantor thereunder, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease or the Guaranty and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease or the Guaranty to which the Lessor is or may become entitled, to enforce compliance by the Lessee and the Guarantor with all the terms and provisions of the Lease and the Guaranty, respectively, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be

necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the Security Documentation, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease and the Guaranty shall revert to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Documentation) on the Lease or the Guaranty or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Documentation or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or the Guaranty or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease or the Guaranty, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Illinois, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Documentation, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the Security Documentation has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment and which are for the sole benefit of the Lessor, without the prior consent of the Lessor.

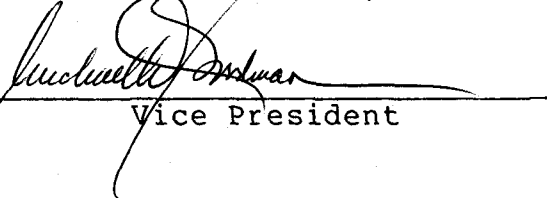
12. It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, undertakings and agreements in this Agreement made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by Exchange National Bank of Chicago or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said bank or the Beneficiary or on account of any representation, undertaking or agreement of the Vendee or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested,

all as of the date first above written.

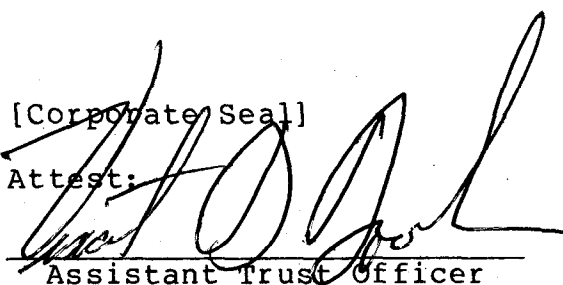
EXCHANGE NATIONAL BANK OF CHICAGO,
as Trustee as aforesaid,

by


Vice President

[Corporate Seal]

Attest:


Assistant Trust Officer

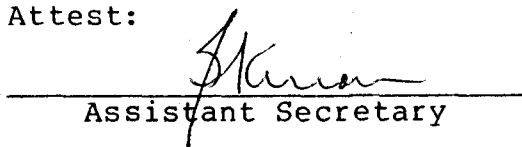
AMERICAN NATIONAL BANK & TRUST
COMPANY OF CHICAGO, as Agent,

by


Second Vice President

[Corporate Seal]

Attest:


Assistant Secretary

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 16 day of August 1976, before me personally appeared MICHAEL D. GOODMAN, to me personally known, who, being by me duly sworn, says that he is a Vice President of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national bank and that said instrument was signed and sealed on behalf of said national bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national bank.

Marion L. Fritcher
Notary Public

[Notarial Seal]

My Commission expires

May 18, 1980

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 16 day of August 1976, before me personally appeared Richard Y. Gutierrez, to me personally known, who, being by me duly sworn, says that he is a Vice President of AMERICAN NATIONAL BANK & TRUST COMPANY OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national bank and that said instrument was signed and sealed on behalf of said national bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national bank.

Cassandra Cardenas
Notary Public

[Notarial Seal]

My Commission expires

EXPIRATION DATE MARCH 6, 1978.

CONSENT AND AGREEMENT

The undersigned, LOUISIANA & ARKANSAS RAILWAY COMPANY, a Delaware corporation (hereinafter called the Lessee), the lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Lease Assignment), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to American National Bank & Trust Company of Chicago, as Agent (hereinafter called the Vendor), the assignee named in the Lease Assignment, at 33 North LaSalle Street, Chicago, Illinois 60690, attention of Corporate Trust Department, (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri corporation (hereinafter called the Guarantor), the Guarantor named in the Guaranty referred to in the foregoing Lease Assignment, hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and con-

ditions of the Lease Assignment in so far as they affect the Guarantor.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Missouri and, for all purposes, shall be construed in accordance with the laws of said State.

LOUISIANA & ARKANSAS RAILWAY
COMPANY, as Lessee,

by M J McClarn
Vice President

[Corporate Seal]

Attest:

Geraldine D. Dallas
Assistant Secretary

THE KANSAS CITY SOUTHERN RAILWAY
COMPANY, as Guarantor,

by M J McClarn
Vice President

[Corporate Seal]

Attest:

Geraldine D. Dallas
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of June 1976.

AMERICAN NATIONAL BANK & TRUST
COMPANY OF CHICAGO, as Agent,

by [Signature]
Second Vice President